



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ
COMMISSIONER**

FOR IMMEDIATE RELEASE
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CONTACT: JERRY ADAMS
615-741-4806

MAY REVENUES

NASHVILLE - State tax collections lagged slightly for May, with sales taxes continuing to underperform and corporate taxes posting a slight increase. Finance and Administration Commissioner Dave Goetz reported today that overall May revenues were \$825.2 million or \$14.2 million less than the state budgeted.

"May is a relatively small month for corporate collections, but it's good to see that at least for the month, collections came close to the lower estimates set last month by the Funding Board," Goetz said. "We will be looking to June, when a larger collection of business taxes are due, to see whether we are staying on track with the reduced budget."

On an accrual basis, May is the tenth month in the 2007-2008 fiscal year.

The general fund was under-collected by \$15.6 million, and the four other funds were over-collected by \$1.4 million.

Sales tax collections were \$5.4 million less than the estimate for May. The May growth rate was 1.20%. For ten months revenues are under-collected by \$172.9 million. The year-to-date growth rate for ten months was 1.12 percent.

Franchise and excise taxes combined were \$231,000 above the budgeted estimate of \$47.5 million. For ten months revenues are under collected by \$136.6 million.

Inheritance and estate taxes were \$2.0 million above the May estimate. For ten months collections are \$8.6 million above the budgeted estimate.

Tobacco tax collections were \$1.0 million under the budgeted estimate of \$29.8 million. For ten months revenues are under collected in the amount of \$62.3 million.

Gasoline and motor fuel collections for May increased by 6.38 percent. For ten months revenues are over-collected by \$11.4 million.

Year-to-date collections for ten months were \$371.1 million less than the budgeted estimate. The general fund was under collected by \$384.3 million and the four other funds were over collected by \$13.2 million.

The budgeted revenue estimates are based on the State Funding Board's consensus recommendation adopted by the first session of the 105th General Assembly in June of 2007. The revised estimates for this fiscal year as presented in the 2008-2009 Budget Document assume an under collection in total taxes in the amount of \$165.4 million. The State Funding Board met on April 29 and May 1, 2008 and

adopted revised revenue growth ranges for the current fiscal year ranging from 0.25% to 1.00% for total taxes, and -0.50% to 0.25% in general fund taxes. These ranges recognize a revenue shortfall in total taxes from the original budgeted estimates in the amount of \$562.8 million at the low end to \$479.9 million at the high end. The ranges for the general fund recognize a shortfall of \$ 564.0 million at the low end to \$494.5 million at the high end.

REVENUE COLLECTIONS
MAY, 2008, AND 10 MONTHS YEAR-TO-DATE

May Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$684,524,000	\$668,888,000	(\$15,636,000)
Highway Fund	60,800,000	62,210,000	1,410,000
Sinking Fund	26,483,000	26,410,000	(73,000)
City & County Fund	64,936,000	65,016,000	80,000
Earmarked Fund	2,678,000	2,690,000	12,000
Total	\$839,421,000	\$825,214,000	(\$14,207,000)

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$7,935,487,000	\$7,551,233,000	(\$384,254,000)
Highway Fund	584,500,000	587,261,000	2,761,000
Sinking Fund	266,598,000	265,099,000	(1,499,000)
City & County Fund	703,517,000	715,141,000	11,624,000
Earmarked Fund	28,505,000	28,755,000	250,000
Total	\$9,518,607,000	\$9,147,489,000	(\$371,118,000)

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	May			
	2007	2008	Change	Percent
Franchise & Excise	\$41,037,000	\$47,731,000	\$6,694,000	16.31%
Income	9,299,000	9,401,000	102,000	1.10%
Inheritance & Estate	11,539,000	6,200,000	-5,339,000	-46.27%
Gasoline	51,589,000	50,285,000	-1,304,000	-2.53%
Petroleum Special	5,377,000	5,295,000	-82,000	-1.53%
Tobacco	9,220,000	28,779,000	19,559,000	212.14%
Beer	1,555,000	1,401,000	-154,000	-9.90%
Motor Vehicle Registration	21,372,000	22,122,000	750,000	3.51%
Motor Vehicle Title	957,000	864,000	-93,000	-9.72%
Mixed Drink	4,584,000	4,735,000	151,000	3.29%
Business	1,286,000	1,359,000	73,000	5.68%
Privilege	47,482,000	46,255,000	-1,227,000	-2.58%
Gross Receipts	25,000	78,000	53,000	212.00%
TVA - In Lieu of Tax Payments	21,114,000	22,012,000	898,000	4.25%
Alcoholic Beverage	3,420,000	3,858,000	438,000	12.81%
Sales and Use	548,476,000	555,081,000	6,605,000	1.20%
Motor Vehicle Fuel	13,590,000	19,480,000	5,890,000	43.34%
Severance	95,000	200,000	105,000	110.53%
Coin-operated Amusement	5,000	12,000	7,000	140.00%
Unauthorized Substance	120,000	66,000	-54,000	-45.00%
Total	\$792,142,000	\$825,214,000	\$33,072,000	4.18%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - May			
	2006-2007	2007-2008	Change	Percent
Franchise & Excise	\$1,396,184,000	\$1,320,102,000	-\$76,082,000	-5.45%
Income	246,018,000	286,811,000	40,793,000	16.58%
Inheritance & Estate	91,136,000	89,478,000	-1,658,000	-1.82%
Gasoline	504,685,000	510,771,000	6,086,000	1.21%
Petroleum Special	53,921,000	54,090,000	169,000	0.31%
Tobacco	112,617,000	234,090,000	121,473,000	107.86%
Beer	15,066,000	15,241,000	175,000	1.16%
Motor Vehicle Registration	213,200,000	208,586,000	-4,614,000	-2.16%
Motor Vehicle Title	9,211,000	8,799,000	-412,000	-4.47%
Mixed Drink	44,208,000	45,406,000	1,198,000	2.71%
Business	15,648,000	16,306,000	658,000	4.21%
Privilege	263,004,000	238,735,000	-24,269,000	-9.23%
Gross Receipts	14,575,000	14,134,000	-441,000	-3.03%
TVA - In Lieu of Tax Payments	205,248,000	226,309,000	21,061,000	10.26%
Alcoholic Beverage	34,204,000	35,972,000	1,768,000	5.17%
Sales and Use	5,621,364,000	5,684,425,000	63,061,000	1.12%
Motor Vehicle Fuel	151,452,000	154,701,000	3,249,000	2.15%
Severance	1,272,000	1,883,000	611,000	48.03%
Coin-operated Amusement	96,000	78,000	-18,000	-18.75%
Unauthorized Substance	1,442,000	1,572,000	130,000	9.02%
Total	\$8,994,551,000	\$9,147,489,000	\$152,938,000	1.70%

Table 3
August-May Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ (164,900,000)	\$ (8,000,000)	\$ (172,900,000)
Income Tax	18,300,000	9,300,000	27,600,000
Inheritance Tax	8,600,000	0	8,600,000
Privilege Tax	(51,600,000)	200,000	(51,400,000)
Business Tax	500,000	0	500,000
TVA	5,200,000	3,800,000	9,000,000
Gross Receipts	(1,100,000)	0	(1,100,000)
Gasoline & Motor Fuel Taxes	200,000	11,200,000	11,400,000
Motor Vehicle Registration	(300,000)	(3,200,000)	(3,500,000)
Other Taxes	(62,600,000)	(100,000)	(62,700,000)
Sub-Total	\$ (247,700,000)	\$ 13,200,000	\$ (234,500,000)
F & E Taxes	(136,600,000)	0	(136,600,000)
Total	\$ (384,300,000)	\$ 13,200,000	\$ (371,100,000)